

EXHIBIT 12

NIXON PEABODY_{LLP}
ATTORNEYS AT LAW

437 Madison Avenue
New York, New York 10022-7001
(212) 940-3000
Fax: (212) 940-3111

Harold J. Ruvoldt
Direct Dial: (212) 940-3770
Direct Fax: (866) 622-1439
E-Mail: HRuvoldt@nixonpeabody.com

August 6, 2007

VIA HAND DELIVERY

Hon. Richard M. Berman, U.S.D.J.
United States District Court,
Southern District of New York
500 Pearl Street, Room 750
New York, New York 10007

RE: Kingsway Financial Services, Inc., et al. v. PricewaterhouseCoopers LLP, et al.
Docket No. 03CV 5560 (RMB) (HBP)

Dear Judge Berman:

Plaintiffs write in response to Great American's letter dated July 20, 2007. Great American misrepresents that it has been "engaging in settlement discussions over the past two years." In fact, Great American has never negotiated with plaintiffs and the only current offer of \$1.75 million was originally extended in March 2006 by counsel for Violetto on behalf of the Outside Directors, Dore, and Violetto which they advised was non-negotiable, this offer was rejected.

As for Great American's request that the Court order mediation, we do not believe mediation is appropriate at this time. We already had multiple mediation sessions and in spite of three previous mediation sessions on October 16, 2007, March 16, 2007, or June 1, 2007, no real progress has been made. We believe the settlement conference currently scheduled before Your Honor is the appropriate forum for any further discussions between the parties.

Hon. Richard M. Berman, U.S.D.J.

August 6, 2007

Page 2

As for the Interpleader action, it must be noted that neither American Country, the insured entity nor Kingsway Financial Services are parties to the Interpleader action, and we submit, both are necessary parties under the Federal Rules of Civil Procedure. The action should be dismissed for failure to join an indispensable party. Fed. R. Civ. P. 19.

Respectfully,


Harold J. Ruvoldt, Jr.

cc: See Service List
Cathy Fleming, Esq.
Christine Riley, Esq.
Ronald Hedges, Esq.

Service List

Mitchell A. Lowenthal, Esq.
Lewis J. Liman, Esq.
Alex Janghorbani, Esq.
Christopher Paton, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006-1470

Scott O. Reed, Esq.
Reardon Golinkin & Reed
111 W. Washington Street
Suite 707
Chicago, IL 60602-3439

William McGuire, Esq.
Jeffrey M. Greilsheimer, Esq.
Hughes Hubbard & Reed, LLP
One Battery Park Plaza
New York, NY 10004

John Siffert, Esq.
Joseph Patrice, Esq.
Lankler Siffert & Wohl, LLP
500 5th Ave. – 33rd Floor
New York, NY 10110-0002